



2007 Upfront Opinion Study

A Game-Changing Season

The most significant new trend to emerge in the 2007-08 upfront market is the switch to a new ratings system, according to a survey of media buyers and sellers participating in TV Guide Network's 2007 Upfront Opinion Study. "It was game-changing," said Stacey Stewart, VP-group director at Carat, describing the impact of the new metrics, which are based on ratings for spots running in an original telecast or up to three days later on a DVR. While 53% of panelists agreed with Ms. Stewart that the new currency represented the season's top trend, even more, 56%, said they actually had done deals using the new system.

The new metrics "change the way we do business and change the way the networks structure their pods," Ms. Stewart said, predicting that networks will work a lot harder to improve their commercial ratings.

Less clear is how much the change in currency factored into the healthier-than-expected growth in upfront CPMs. After predicting in a pre-upfront survey that CPMs for both network and cable would rise 1% to 3%, panelists in the post-upfront survey said CPMs had actually grown 4% to 5%.

"The swiftness of the market and the level of the market surprised more than

a few of us," said Shane Ankeney, exec VP-chief media officer at Doner. Steve Grubbs, CEO of Omnicom Entertainment Group, said he suspects that many advertisers moved scatter money into the upfront. "There have been some substantial premiums in scatter this year," he said.

Rick Pike, senior VP-media director at InterMedia Advertising, added that another factor affecting the market were concerns about next year, given the unusually compressed schedule of the primary election season and the fact that candidates could spend some of their money in national TV rather than local. "There's a lot of uncertainty with the coming year," Mr. Pike said. "With all the change in timing for primaries, it's not something you can track against previous presidential election years."

Even so, Ms. Stewart maintains that much of the CPM increase resulted from calculating deals on smaller ratings. "If we hadn't changed the currency, the CPM increase would have been 1% to 3%," she said, adding that network ratings have fallen this year, causing an automatic rise in CPM.

Still another surprise came in the upfront demand for sports programming, which emerged as the most sought-after genre. Before the upfront, the largest percentage of panelists, 25%, predicted reality competition would be the hottest genre, followed by serialized drama (22%), dramedy (20%) and sports (16%). Post-upfront, the largest percentage of votes, 26%, went to sports, followed by serialized drama (25%), reality competition (15%) and dramedy (13%). Sports programming "is very attractive right now because of how well it attracts younger, more affluent viewers, particularly men," Mr. Pike said.

Mr. Ankeney said he isn't surprised that sports and serialized drama came out on top as the most popular genres. "For many of our clients, we are a lot more about engagement than reach," he said, "and sports does well in terms of engagement." Ms. Stewart agrees: "With sports, the DVR isn't really a factor."

— For complete results, please go to adage.com/upfrontsurvey —

TV GUIDE NETWORK	CABLE	BROADCAST	BUYERS	PLANNERS	CLIENTS
Thinking about Upfront 2007-08, how would you say advertisers allocated their TV advertising budgets?	Bigger percentage than last year	Same or bigger percentage than last year	Same as last year	Same as or less than last year	Bigger percentage than last year
Did you negotiate mostly on live TV ratings, live-plus same day ratings, or live plus three-day ratings?	Live plus three day	Live TV	Live plus three day and Live TV	Live plus three day	Live plus three day
How much did network TV CPMS change in Upfront 2007-08?	Increase 4.0%	Increase 3.3%	Increase 3.7%	Increase 3.3%	Increase 3.4%
How much did cable TV CPMS change in Upfront 2007-08?	Increase 4.0%	Increase 2.8%	Increase 3.5%	Increase 2.9%	Increase 3.3%
Which program genre was the hottest in Upfront 2007-08?	Sports	Reality Competition, Sports and Serialized Drama	Reality Competition and Serialized Drama	Serialized Drama	Dramedy
What percentage of the advertising you bought or sold during Upfront 2007-08 was online?	3.0%	5.8%	3.6%	5.6%	6.7%
Which medium offers the best prospects for ROI, based on conversations you've had so far as well as what you learned at Upfront 2007-08?	Cable networks	Broadcast Networks	Cable networks and online	Online	Online
What is the most significant new trend that has emerged during the 2007-08 Upfront season?	Use of commercial ratings and live plus 3 as a trading currency	Use of commercial ratings and live plus 3 as a trading currency	Use of commercial ratings and live plus 3 as a trading currency	Use of commercial ratings and live plus 3 as a trading currency	Use of commercial ratings and live plus 3 as a trading currency

Research conducted by Advertising Age and Research Solutions, Inc.
 Base: 206 responding via e-mail polling. Answers listed above reflect average of total responses within each segment.